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LIFE INSURANCE

Servicemember's Group Life Insurance (SGLI) is a term life insurance policy available to all service members of the uniformed services. Because payment amounts can be quite large (up to \$400,000), service members should thoroughly understand SGLI and how it will be paid upon death. Appointments should be made with a Legal Assistance Attorney to discuss specific SGLI and other estate planning issues in more detail.

What is a term life insurance policy?

A term life insurance policy, like SGLI, is a contract valid for a specific period of time or "term." If you don't make a payment, the policy benefit may lapse with no payout upon death. Also, unlike a "cash value" policy, a term policy has no cash value until payout upon death and thus may not be cashed out or borrowed against.

I am having marital problems and don't want my spouse as my SGLI beneficiary. Can I do that?

Yes. However, if a service member is married and chooses not to name his or her spouse as a beneficiary, the service member will be counseled regarding this "unusual beneficiary designation" and the counseling will be noted on the SGLI form. Furthermore, under Army Regulation, the spouse will be notified that he or she has not been listed as a beneficiary.



Can my last will and testament direct my SGLI payments?

No. A valid SGLI policy will pay benefits upon death to the individual(s) listed as beneficiaries on the SGLI form.

What happens if my beneficiaries die before me?

Beneficiaries may be listed as “principal” or “contingent.” Principal beneficiaries are paid before contingent beneficiaries. If all beneficiaries listed on a service member’s SGLI form die before the service member, the SGLI benefits are paid to next of kin as provided in AR 600-8-1.

Must my beneficiary be a person?

Beneficiaries must be listed by name but need not be a person. Beneficiaries may also be an entity such as a charitable organization or church.

What happens to SGLI money I want to leave to my underage children?

Listing children by name may delay benefits and is, therefore, generally, not advised. Rather, a service member should consider SGLI payment to a trust (created in a will) or to a legal custodian. Your particular situation should be discussed in detail with a Legal Assistance Attorney.

Will my beneficiaries have to pay income tax on the SGLI money they receive?

No. There are no tax consequences to your beneficiaries from your SGLI.

It is the individual service member’s responsibility to ensure their SGLI forms are kept up to date. SGLI forms may need to be changed due to death of a beneficiary, birth of first or subsequent child, divorce, or increases or decreases in desired benefit amount. SGLI forms are prepared and updated by a service member’s unit S-1. However, because they are a critical component of a service member’s estate plan, the most up to date form should be brought to any will or estate planning appointment with a legal assistance attorney.